State Opportunities under the American Recovery and Reinvestment Act:

Broadband Deployment

In addition to providing flexible appropriations and formula funds to states and individuals for stimulus purposes, the American Recovery and Reinvestment Act also provides resources to states to create long-run economic growth opportunities. The four key areas are: (1) health information technology, (2) energy and green jobs programs, (3) broadband infrastructure and deployment, and (4) research and development. This paper describes the opportunities available to states in the broadband deployment programs area. The other three papers may be found at www.nga.org/ARRA .

Summary

The American Recovery & Reinvestment Act (ARRA) provides significant federal funding for broadband infrastructure and deployment. There is $7.2 billion allocated to investing in broadband, which includes funds for infrastructure, mapping, training, and education to rural, unserved and underserved communities. Of this amount, $2.5 billion will flow through the U.S. Department of Agriculture (USDA), Rural Utilities Services Distance Learning, Telemedicine, and Broadband Program (RUS) and $4.7 billion will flow through the U.S. Department of Commerce (DoC), National Telecommunications and Information Administration (NTIA) Broadband Technology Opportunities Program (TOP). The purpose of these funds is to build broadband infrastructure and accelerate deployment in these unserved and underserved communities to promote economic development and job creation.

While both RUS and TOP have been in existence for several years, the infusion of funds represents the most significant one-time investment to date in broadband. It is critical for the USDA and NTIA to work together on the rollout and use of these funds with eligible grantees to ensure that the nation receives the desired outcomes. Key to this will be the mapping of unserved and underserved areas to know where the funds are needed most while encouraging adoption through outreach and awareness.

Governors will need to move quickly in the following areas:

- **Create a "High-level" Strategic Plan**: Because states are only one eligible entity under these grant programs, governors should designate a broadband advisor or agency to assemble potential grantees and other stakeholders. In most states, there exists a broadband advisory group that should be tapped to lead the strategic planning, although this group may need to add other participants. These stakeholders will create a "high-level" strategic plan for broadband deployment to coordinate investments. The task is to ensure the right people are included and that the governor assigns the strategic planning assignment with the goal of expanding broadband to rural areas and increasing adoption. States should utilize existing public-private partnerships and/or form new ones that will be most effective in building out broadband service. It is also important for stakeholders to assess rural and urban/surburban

accessibility. This will help to coordinate existing investments with those provided by the stimulus.

- **Create a Statewide Broadband Inventory Map**: While funds will become available to help states with mapping, the broadband advisory group should review any existing mapping to see where there are immediate gaps. This will help determine the priority areas under the strategic plan. When the grant funds are rolled out, states will be ready with a list of projects to be funded and that meet the threshold of unserved and underserved areas. States should gather existing availability information from service providers that will feed into the strategic planning; however, they will need to do this through a third party so that the providers will be comfortable with providing information.

In general, providers have not built out to rural areas because it is very costly to invest in the infrastructure when the demand and adoption rates are low as compared to the return on investment in the urban and suburban areas. From a policy perspective, governors, in partnership with local communities and the private sector, will need to find innovative ways to use these funds for increasing adoption; enhancing education and training programs; and piloting applications that may yield high rates of adoption. There are many different options that range from increasing the number of public computing centers to subsidizing the cost of providing broadband to the home environment. These are the kinds of issues that a strategic planning committee will need to address.

1 U.S. Department of Agriculture (USDA), Rural Utilities Services Distance Learning, Telemedicine, and Broadband Program (RUS)

1.1 Purpose

The purpose of this program is to build broadband infrastructure in rural areas that do not have sufficient access to high speed broadband service.[i] Priority for awards is given to projects that will deliver end users a choice of more than one service provider and provide service to the highest proportion of rural residents that do not have access to broadband service.

1.2 Funding Level

The funding level for this program is $2.5 billion that can be provided through grants and loans. States are only one eligible grantee. If a state funds a project from this program, this project cannot be funded under the Broadband Technology Opportunities Program.

1.3 2008 Appropriations

For FY 2008, Congress appropriated approximately $30 million.[ii]

1.4 Mechanism and Use of Funds

There is no explicit information in the legislation about the grant program. In past years this has been a competitive grant program with the loan/grant combination or loans being non-competitive.[iii] There is a minimum 15% matching funds required; however, for the loan/grant combination and loans there is no matching fund requirement. Recipients can include non-government entities.

2 Department of Commerce (DoC), National Telecommunications and Information Administration (NTIA), Broadband Technology Opportunities Program (TOP)

2.1 Purpose

The purpose of this program is to provide funds for accelerating broadband deployment in unserved and underserved communities and to strategic institutions that are likely to create jobs or provide significant public benefits.

Specifically, as enumerated in the legislation, the purposes of the program are to:

- Provide access to broadband service to consumers residing in unserved and underserved areas;
- Provide broadband education, awareness, training, access, equipment, and support to organizations, such as schools, libraries, and healthcare providers;
- Improve access to and the use of broadband service by public safety agencies; and,
- Stimulate the demand for broadband, economic growth, and job creation.

2.2 Funding Level

The funding level for this program is $4.7 billion that can be used for the Broadband Technology Opportunities Program (TOP), of which there are the following set asides:

- $200 million for competitive grants for expanding public computer center capacity, including at community colleges and public libraries;
- $250 million for competitive grants for innovative programs to encourage sustainable adoption of broadband service; and,
- $10 million for the Department of Commerce to audit and oversee funds.

In addition, there is $350 million set aside for NTIA to utilize for the purposes of the Broadband Data Improvement Act (BDIA) enacted in 2008 and to "develop and maintain a comprehensive nationwide inventory map of existing broadband service capability and availability." Under BDIA states can receive grants to support efforts to ensure access to affordable broadband and increase broadband use. This is a competitive grant program with 20% matching funds requirement. Funds could be used to baseline availability; track areas with low adoption; and identify barriers to adoption. Essentially, states would create a broadband inventory map that could feed in the NTIA national map per the requirements of ARRA legislation.

2.3 2008 Appropriations

While the TOP program has existed since 1994, there have been no grant awards made since 2004. The Broadband TOP as created under this legislation is a new program in that its specific purpose is to support broadband expansion and grant requirements are specified in the legislation.

2.4 Mechanism and Use of Funds

Grants will be competitive; however, each state will receive at least one grant. Awards must be made before the end of FY 2010. States and other eligible entities must provide 20% matching funds; however, this matching requirement could be waived if grantee shows financial need.

Eligible entities include:

- State or local governments
- Non-profit organizations
- Any other entity, including broadband service or infrastructure provider (these entities should promote technology neutral applications).

Competitive grants are for the following activities:

- To acquire equipment, infrastructure, networking capability, hardware and software, digital network technology, and infrastructure for broadband services;
- Construct and deploy broadband service related infrastructure;
- Ensure access to broadband service by community anchor institutions;
- Facilitate access to broadband service by low-income, unemployed, and other vulnerable populations; and
- Construct and deploy broadband facilities that improve public safety broadband communication services.

[i] From the legislation: "At least 75 percent of the area to be served by a project receiving funds from such grants, loans, or loan guarantees shall be in a rural area without sufficient access to high speed broadband service to facilitate rural economic development."
[ii] http://edocket.access.gpo.gov/2008/E8-30759.htm and http://www.usda.gov/rus/telecom/dlt/dlt.htm
[iii] http://www.usda.gov/rus/telecom/dlt/2009-program/2009-dlt-app-guide-part1.pdf